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6 March 2003

United Nations Industrial Development Organization

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Industrial Development Board

Twenty-seventh session
Vienna, 26-28 August 2003
Item 4 (d) of the provisional agenda

Programme and Budget Committee

Nineteenth session
Vienna, 28-30 April 2003
Item 7 of the provisional agenda

WORKING CAPITAL FUND FOR THE BIENNIUM 2004-2005

Proposals by the Director-General

Proposes the level and authorized purposes of the Working Capital Fund for the biennium 2004-2005, and reports on the status of the Fund as at 31 December 2002.

Introduction

1. In accordance with financial regulation 5.4(a), the Programme and Budget Committee should recommend to the Industrial Development Board the amount and purposes of the Working Capital Fund.

2. In the absence of an authority to borrow funds from external sources, the Working Capital Fund provides a vital source of cash to meet the Organization's financial commitments when there is insufficient income from assessed contributions due to delays or non-payments by Member States.

3. Financial regulation 5.4(b) stipulates that "the sources of moneys for the Fund shall be advances from Members, which shall be made in the proportion of the scale of assessments established by the Conference for the contributions of Members to the regular budget. The advances shall be carried to the credit of the respective Members who made the advances".

I. BIENNIUM 2002-2003

4. In its decision GC.9/Dec.13, the General Conference decided that the level of the Working Capital Fund for the biennium 2002-2003 should be $6,610,000 (to be converted to euros in accordance with GC.9/Dec.15) and that the authorized purposes of the Fund for the biennium should remain the same as those for the 2000-2001 biennium. The Conference also urged Member States to pay their outstanding assessed contributions as soon as possible to minimize the need to withdraw sums to meet shortfalls in the payment of assessed contributions. The Director-General was authorized to advance from the Fund during the 2002-2003 biennium:

> "(i) Such sums as might be necessary to finance budgetary appropriations pending the receipt of contributions; sums so advanced should be reimbursed as soon as receipts from contributions were available for that purpose;

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"(ii) Such sums as might be necessary to finance unforeseen and extraordinary expenses, excluding expenditures intended to compensate for any losses caused by fluctuation in exchange rates; for sums so advanced, the Director-General should make provision in the budget estimates for reimbursing the Working Capital Fund".

5. As at 31 December 2002, the status of the Fund was as follows:

Advances from Member States	€7,347,001
Unpaid advances	€76,029
Working Capital Fund	€7,423,030*

*US$6,610,000 converted into euros in accordance with decision GC.9/Dec.15: US$ 1 = €1.123.

The Fund is fully replenished to the level of Member States' advances.

II. PROPOSALS FOR THE BIENNIUM 2004-2005

6. It is proposed that the current level of the Working Capital Fund of €7,423,030 and the authorized purposes of the Fund for 2004-2005 continue to be those established by the Conference in its decision GC.9/Dec.13.

7. The Director-General assumes that, for the 2004-2005 biennium, most Member States will continue to meet their obligations. However, unless there is a substantial reduction in the level of unpaid assessed contributions, the possibilities of keeping the Working Capital Fund replenished to its authorized level are limited. The continued replenishment of the Working Capital Fund is a priority of the Organization to ensure that prudent minimum levels of cash reserves are maintained. This would allow for the utilization of the Working Capital Fund in accordance with the approved purposes should the need arise.

III. ACTION REQUIRED OF THE COMMITTEE

8. The Committee may wish to recommend to the Industrial Development Board the adoption of the following draft decision:

"The Industrial Development Board:

(a) Takes note of document IDB.27/4-PBC.19/4;

(b) Recommends to the General Conference that the level of the Working Capital Fund and the authorized purposes of the Fund for the 2004-2005 biennium remain the same as for the 2002-2003 biennium;

(c) Urges Member States to pay their outstanding assessed contributions as soon as possible to minimize the need to withdraw sums to meet shortfalls in the payment of assessed contributions".

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Programme and Budget Committee

Nineteenth session
Vienna, 28-30 April 2003
Item 10 of the provisional agenda

APPOINTMENT OF AN EXTERNAL AUDITOR

Candidatures for the appointment of an External Auditor

Report by the Director-General

1. The General Conference, in its decision GC.9/Dec.16, decided to appoint the Auditor-General of South Africa as the External Auditor of UNIDO from 1 July 2002 to 30 June 2004.

2. General Conference decision GC.6/Dec.18 requests the Director-General to invite proposals from Member States for the appointment of an External Auditor and to submit such proposals to the Programme and Budget Committee for consideration. In compliance with that decision, a note verbale dated 20 January 2003 was sent to Member States in which they were invited to inform the Director-General by 19 February 2003 of their interest in providing the services of an External Auditor, with a view to submitting such proposals to the Programme and Budget Committee at its nineteenth session, to be held from 28 to 30 April 2003.

3. As of 19 February 2003, the following candidatures had been received for the appointment of an External Auditor:

Mr. Rafael Antonio Padilla Morales and Mr. Juan B. Zamora, Jr.	Officials from the Office of the Controller-General of the Republic of Panama
Mr. Guillermo N. Carague	Chairman of the Philippine Commission on Audit
Mr. Shauket Fakie	Auditor-General of the Republic of South Africa
Mr. Ubaldo Nieto de Alba	President of the Court of Audit of Spain

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4. All candidates completed the standardized form "Proposal for appointment of External Auditor". The compilation of replies received will be brought to the attention of the Committee for its consideration in a conference room paper to be distributed prior to the session, thus facilitating the decision-making process.

5. An information note dated 25 February 2003 was circulated to Permanent Missions, together with copies of the relevant communications concerning the candidatures, which are also reproduced in the annex to the present document.

ACTION REQUIRED OF THE COMMITTEE

6. The Committee may wish to propose to the Industrial Development Board that it recommend to the General Conference the appointment of one of the candidates as External Auditor for UNIDO for a period of two years beginning 1 July 2004. The appointment would fall under the terms of reference specified in article XI (and annex) of the Financial Regulations of UNIDO. The travel and other costs related to the work of the External Auditor are to be borne by the UNIDO regular budget for which a fixed fee, as approved in the programme and budgets, is foreseen.

Annex

COMMUNICATIONS CONCERNING CANDIDATURES FOR THE APPOINTMENT OF AN EXTERNAL AUDITOR BY 19 FEBRUARY 2003

A. Communication concerning the candidature of Mr. Rafael Antonio Padilla Morales and Mr. Juan B. Zamora, Jr., officials from the Office of the Controller-General of the Republic of Panama

Republic of Panama, Ministry of External Relations
Panama 4, Panama

RA/007/2003

NOTE VERBALE

The Ministry of External Relations of the Republic of Panama, Directorate General for International Organizations and Conferences, presents its compliments to the honourable Director-General of the United Nations Industrial Development Organization (UNIDO) and, with reference to his note verbale No. CU 2003/5 of 20 January 2003, has the honour to submit the candidature of Mr. Rafael Antonio Padilla Morales and Mr. Juan B. Zamora, Jr., officials from the Office of the Controller-General of the Republic of Panama, for the post of External Auditor for a period of two years starting from 1 July 2004.

The professional histories and UNIDO nomination forms of the two candidates are attached.

The Ministry of External Relations of the Republic of Panama, Directorate General for International Organizations and Conferences, avails itself of this opportunity to renew to the Director-General of UNIDO the assurances of its highest consideration.

Panama, 18 February 2003

[*Initialled*]

[*Stamp of Directorate General for International Organizations and Conferences*]

Director-General
United Nations
Industrial Development Organization
Vienna

B. Communication concerning the candidature of Mr. Guillermo N. Carague, Chairman of the Philippine Commission on Audit

No. VN-PH-79-2003

The Permanent Mission of the Republic of the Philippines presents its compliments to the United Nations Industrial Development Organization and has the honour to inform, with reference to Note No. CU 2003/5 dated 20 January 2003 regarding nominations to the post of External Auditor for the biennium 2004-2005, that the Philippines proposes to nominate the Philippine Commission on Audit headed by Chairman Guillermo N. Carague. This nomination has been endorsed by H.E. Blas F. Ople, Secretary of the Department of Foreign Affairs, copy of the endorsement letter attached to this note. Nomination papers have been sent directly to UNIDO by the Commission on Audit in compliance with the set deadline.

The Permanent Mission of the Republic of the Philippines avails itself of this opportunity to renew to the United Nations Industrial Development Organization the assurances of its highest consideration.

Vienna, 19 February 2003

[*Initialled*]

[*Stamp of the Embassy of the Philippines, Vienna, Austria*]

Department of Foreign Affairs

17 February 2003

H.E. Mr. Carlos Alfredo Magariños
Director-General
United Nations Industrial Development Organization
Vienna, Austria

Excellency,

I have the honour to inform you that the Philippine Government nominates the Commission on Audit to the post of External Auditor for the term 2004-2006 commencing on 1 July 2004.

The professionalism and experience of the Commission on Audit in international and multilateral auditing will greatly benefit the UNIDO in efficiently carrying out its mandate. I am confident that the Organization which you head will be more than satisfied with the work and performance of the auditors from the Commission on Audit.

Please accept, Excellency, the assurances of my highest consideration.

[*Signed*]

Blas F. Ople
Secretary of Foreign Affairs

2330 Roxas Blvd., Pasay City, Philippines,
Tel. No. 834-4000

C. Communication concerning the candidature of Mr. Shauket Fakie, Auditor-General of the Republic of South Africa

South African Permanent Mission to the United Nations and International Organizations Vienna

Sandgasse 33,
1190 Vienna
Tel.: 320 64 93
Fax: 320 64 93 51
e-mail: saembvie@aon.at
Web site: www.southafrican-embassy.at

Ref.: ML/1/UNIDO/3
AMB/ems

13 February 2003

The Permanent Mission of South Africa presents its compliments to the Director-General of the United Nations Industrial Development Organization (UNIDO) and, with reference to the Director-General's Note (Ref. CU 2003/5) of 20 January 2003, has the honour to submit the proposal for the reappointment of the Auditor-General of the Republic of South Africa, Mr. Shauket Fakie, as the external auditor to UNIDO for the two-year period commencing 1 July 2004.

This nomination bears the fullest support of the Ministry of Foreign Affairs and the Government of the Republic of South Africa, as Mr. Fakie has proved his ability to provide UNIDO with an excellent, independent external audit. Mr. Fakie's reappointment for a second term of office will best serve the organization through the benefits gained from carrying through some of the initiatives being pursued in the current appointment.

The completed required proposal document is respectfully submitted herewith for consideration by the Programme and Budget Committee at its nineteenth session in April 2003.

The Permanent Mission of South Africa avails itself of this opportunity to renew to the Director-General of the United Nations Industrial Development Organization the assurances of its highest consideration.

[*Initialled*]

[*Stamp of the South African Embassy, Vienna*]

The Director-General
UNIDO
P.O. Box 300
1400 Vienna

D. Communication concerning the candidature of Mr. Ubaldo Nieto de Alba, President of the Court of Audit of Spain

Permanent Mission of Spain to the International Organizations in Vienna

ONUDI/6/2003

The Permanent Mission of Spain to the International Organizations in Vienna presents its compliments to the United Nations Industrial Development Organization (UNIDO) and, with reference to its note No. CU 2003/5 of 20 January 2003, has the honour to submit the candidature of the President of the Court of Audit of Spain, Mr. Ubaldo Nieto de Alba, for the post of External Auditor of UNIDO for a two-year period starting from 1 July 2004. The required documentation is attached to this note verbale.

The candidate, as President of the Court of Audit of Spain—the supreme institution in its field, recognized in the Spanish Constitution, which guarantees its independence—has the highest level of professional competence and, in addition, substantial experience of auditing international organizations. Under the Presidency of Mr. Ubaldo Nieto, the Court has had experience with, inter alia, the European Fighter Aircraft (EFA) programme (North Atlantic Treaty Organization EFA Development Production and Logistics Management Agency—NEFMA), the European Molecular Biology Laboratory, the Western European Union (WEU) and, since 1997, the European Organization for Nuclear Research (CERN).

The activities undertaken have earned the President of the Court of Audit a high level of prestige in Spain and well-deserved international recognition. He currently occupies the post of Secretary General of the European Organization of Supreme Audit Institutions (EUROSAI), whose permanent Secretariat is based at the Court of Audit. The Court is closely involved in cooperation among national supreme audit institutions and is a member of the International Organization of Supreme Audit Institutions (INTOSAI) and the Organization of Latin American and Caribbean Supreme Audit Institutions (OLACEFS).

The Court plays an important role in cooperation to strengthen national audit systems in developing countries and countries with economies in transition, in Ibero-America and central and eastern European countries.

The President of the Court of Audit would bring to UNIDO expertise specifically suited to the Organization's needs, since the Court's audit system is fully consistent with international rules and accepted auditing principles and makes full use of best practices. In particular, he would bring suitable experience for constructive dialogue within the institution being audited, in accordance with UNIDO requirements, because the procedure followed in UNIDO is the same as that used by the Court of Audit in conformity with Spanish law.

The President of the Court of Audit can offer, as required by UNIDO, an approach to the auditing of the Organization that is of high technical and professional quality. In order to perform his functions, he would draw on the expertise of a top-level team that specializes in international organizations and is highly cost-effective.

The activities carried out by Mr. Ubaldo Nieto as President of the Court of Audit place him in an ideal position to make a beneficial contribution to UNIDO. His candidature enjoys the full support and absolute confidence of the Government of Spain.

The Permanent Mission of Spain avails itself of this opportunity to renew to the United Nations Industrial Development Organization the assurances of its highest consideration.

[*Initialled*]

[*Stamp of the Permanent Mission of Spain to the International Organizations in Vienna*]

Vienna, 18 February 2003

United Nations
Industrial Development Organization
Vienna

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Item 4 (h) of the provisional agenda

APPOINTMENT OF AN EXTERNAL AUDITOR

Candidatures for the appointment of an External Auditor

Report by the Director-General

Addendum

1. Subsequent to the issuance of document IDB.27/5-PBC.19/5 on 14 March 2003, the Secretariat was informed of the withdrawal of one of the two candidates from Panama for the appointment of an External Auditor (see annexes I and II to the present document). The additional information referred to by the Permanent Mission of Panama is brought to the attention of the Board in document IDB.27/CRP.2.

2. Furthermore, a communication from the President of the Court of Audit of Spain, announcing the withdrawal of the Spanish candidate, was received on 16 June 2003 (see annex III to the present document).

3. Thus, as of 17 June 2003, the status of candidatures for the appointment of an External Auditor is as follows:

Mr. Rafael Antonio Padilla Morales	Supervisor of Audit Office II, Office of the Controller-General of the Republic of Panama
Mr. Guillermo N. Carague	Chairman of the Philippine Commission on Audit
Mr. Shauket Fakie	Auditor-General of the Republic of South Africa

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Annex 1

NOTE VERBALE FROM THE PERMANENT MISSION OF PANAMA

Fax and mail: 26026-6874

**PERMANENT MISSION OF PANAMA TO THE
UNITED NATIONS AND OTHER
INTERNATIONAL ORGANIZATIONS IN VIENNA**

Elisabethstrasse 4/5/4/10, A-1010 Vienna, Austria

Tel.: 00431-5872347, 5873182, Fax: 00431-5863080

E-mail: mail@empanvienna.co.at

M.P.P.No. 330/03

MV/mv

ANNEXES

The Permanent Mission of Panama to the United Nations and other International Organizations in Vienna presents its compliments to the United Nations Industrial Development Organization (UNIDO) and has the honour to refer to the previous note verbale from the Ministry of External Relations of Panama, dated 18 February 2003, ref. RA/007/2003, in which the candidatures of Mr. Rafael Antonio Padilla Morales and Mr. Juan B. Zamora, Jr., for the post of External Auditor were submitted.

In that regard, the Permanent Mission of Panama is pleased to attach note verbale DGOCI/DG/093/2003 of 2 June 2003, which contains only the candidature of Mr. Rafael Antonio Padilla Morales, Supervisor of Audit Office II in the Office of the Controller-General of the Republic of Panama, for the post of External Auditor of UNIDO.

Additional information regarding the form for proposal of appointment to the post of External Auditor is also attached.

The Permanent Mission of Panama to the United Nations and other International Organizations in Vienna avails itself of this opportunity to renew to UNIDO the assurances of its highest consideration.

Vienna, 3 June 2003

[*Initialled*]

[*Stamp of Permanent Mission*]

Annex II

NOTE VERBALE FROM THE MINISTRY OF EXTERNAL RELATIONS OF PANAMA

Republic of Panama
Ministry of External Relations
Panama 4, Panama

DGOCI/DG/093/2003

NOTE VERBALE

The Ministry of External Relations of the Republic of Panama, Directorate General for International Organizations and Conferences, presents its compliments to the honourable Director-General of the United Nations Industrial Development Organization (UNIDO) and, further to its note verbale RA/007/2003 of 18 February 2003, has the honour to submit the candidature of Mr. Rafael Antonio Padilla Morales, Supervisor of Audit Office II in the Office of the Controller-General of the Republic of Panama, for the post of External Auditor for a period of two years starting from 1 July 2004.

We are resending herewith the candidate's professional history and UNIDO nomination form [PBC.19/CRP.2].

The Ministry of External Relations of the Republic of Panama, Directorate General for International Organizations and Conferences, avails itself of this opportunity to renew to the Director-General of UNIDO the assurances of its highest consideration.

Panama, 2 June 2003

[*Initialled*]

[*Stamp of Directorate General for International Organizations and Conferences*]

Annex III

Ubaldo Nieto de Alba

Court of Audit
President

Madrid, 11 June 2003

Dear Director-General,

On 17 February 2003 the Court of Audit of Spain submitted its candidature to participate in the process of selecting the External Auditor of the United Nations Industrial Development Organization (UNIDO) for a period of two years from 1 July 2004. This process was announced in the Organization's note 2003/5 of 20 January 2003.

Regrettably, circumstances have arisen which make it advisable for our institution to now withdraw the aforementioned candidature.

However, I would like to reiterate our great interest in the external auditing of UNIDO. Therefore, the Court of Audit of Spain will, in all probability, submit again a proposal to participate in the next selection process, due to take place in 2005.

Yours sincerely,
[*Signed*]

Dr. Carlos A. Magariños
Director-General
United Nations Industrial Development Organization
Vienna
Austria

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21 March 2003

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United Nations Industrial Development Organization

Industrial Development Board

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Programme and Budget Committee

Nineteenth session
Vienna, 28-30 April 2003
Item 3 of the provisional agenda

INTERIM REPORT OF THE EXTERNAL AUDITOR, FINANCIAL PERFORMANCE REPORT AND PROGRAMME PERFORMANCE REPORT FOR THE BIENNIUM 2002-2003

Interim report of the External Auditor: Audit of the United Nations Industrial Development Organization for the financial period 2002-2003

CONTENTS

	Paragraphs	*Page*
LETTER OF TRANSMITTAL		3
Introduction	1-3	3
TERMS OF REFERENCE	4-6	3
AUDIT APPROACH	7-13	3
INTERNAL AUDIT FUNCTION	14-20	4
Scope and approach	14-16	4
Definition of internal auditing	17-18	4
Key findings and recommendations	19-20	4
FRAUD PREVENTION STRATEGY	21-24	5

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CONTENTS (*continued*)

	Paragraphs	*Page*
STRATEGIC PLANNING AND PERFORMANCE MEASUREMENT	25-27	6
STAFF LEARNING FUNCTION	28-31	6
OUTSTANDING ASSESSED CONTRIBUTIONS	32-35	6
GENERAL INFORMATION TECHNOLOGY (IT) CONTROL ENVIRONMENT	36-40	7
Acknowledgement	41	8

Annex A

Follow-up of the recommendations made in prior external audit reports 9

The President of the Industrial Development Board
UNIDO
P O Box 300
A-1400 Vienna
Austria

Dear Sir

LETTER OF TRANSMITTAL

I have the honour to present to the Twenty-seventh session of the Industrial Development Board, through the Nineteenth session of the Programme and Budget Committee, my interim report on the audit of the United Nations Industrial Development Organization for the 2002-2003 financial period. The interim financial statements, which are included in the Interim Financial Performance Report and Programme Performance Report for the 2002-2003 financial period, have not been audited and no audit opinion is expressed thereon.

In transmitting my report I wish to advise that, in accordance with the United Nations Industrial Development Organization's Financial Regulations, I have given the Director-General the opportunity to comment on my report and that his comments have been reflected in this report.

Yours sincerely

[Signed]
S.A. FAKIE
EXTERNAL AUDITOR
AUDITOR-GENERAL OF THE REPUBLIC OF SOUTH AFRICA

Introduction

1. The audit of the United Nations Industrial Development Organization (UNIDO) was assigned to the Auditor-General of the Republic of South Africa for the 2002-2003 financial period, in terms of resolution GC.9/Dec.16 of the ninth Regular Session of the General Conference.

2. The Industrial Development Board, in its twenty-sixth session, requested the External Auditor to submit in time for the appropriate Programme and Budget Committee (PBC) session, a short interim report on the activities carried out by the External Auditor and any recommendations resulting therefrom, bearing in mind that the External Auditor can only certify the accounts at the end of the biennium (IDB. 26/Dec.2). Financial Regulation 11.10 also anticipates that an interim report be considered by the PBC.

3. Timely communication with stakeholders, at the appropriate level of aggregation, is important in ensuring good governance and accountability. Accordingly, I welcome this decision and it is with pleasure that I submit my first interim report to the Industrial Development Board, through the PBC, on the salient matters arising from the interim external audit for the 2002-2003 financial period.

TERMS OF REFERENCE

4. The audit is performed in accordance with Article XI of the Financial Regulations and the Additional Terms of Reference Governing the External Audit appended thereto. In accordance with these terms of reference, the auditor shall express an opinion on the financial statements for the financial period and report on the financial operations and various other matters set out therein.

5. The audit is conducted in accordance with the Common Auditing Standards of the Panel of External Auditors of the United Nations, the specialized agencies and the International Atomic Energy Agency.

6. The audit procedures that were carried out were not performed with the intention of expressing an audit opinion on the interim financial statements that are included in the Interim Financial Performance Report and Programme Performance Report for the year ended 31 December 2002.

AUDIT APPROACH

7. A comprehensive audit approach, which integrates financial, compliance and value-added aspects, has been applied. This provides the opportunity for the External Auditor to add value to the accountability process in order to assist UNIDO in achieving its mandate in an economical, efficient and effective manner.

8. In the first weeks of my appointment, my team conducted a strategic planning visit aimed at gaining knowledge about UNIDO and developing the audit strategy for the biennium. This included substantial interaction with the outgoing External Auditors to ensure a smooth hand over of the audit and the continuation of important audit matters.

9. This was followed by an interim audit carried out at headquarters, which focused on performing intensive detailed planning aimed at obtaining a thorough knowledge of UNIDO's business and related systems. Short visits to a project and an Investment and

Technology Promotion Office were also carried out to further enhance this understanding.

10. Detailed risk assessments have been completed to ensure that in performing the financial and compliance aspects of the audit, audit resources are appropriately focused. The regularity audit will be taken forward through the performance of a pre-final audit in the last quarter of 2003 and the final audit after the closure of the financial period.

11. The internal audit function and fraud prevention policies were reviewed to take forward the issues raised by my predecessor. In addition, my team paid attention to strategic planning and related performance measurement in UNIDO at the corporate level, as well as its staff learning function as integral parts of the reform initiatives. In view of the integral part information technology systems play in UNIDO's financial operations, an information systems audit of the general control environment and system development life cycle surrounding the newly implemented Financial Performance Control System was carried out.

12. During the remainder of the financial period, we intend to focus on, *inter alia*, project management including various field visits and a review of the budgetary process. The financial statements will also be analysed with a view to providing suggested improvements in the format and disclosure thereof.

13. The IDB requested the External Auditor to include in future reports a table with the key recommendations and further requested the Director-General to complete this table by explaining the response to these recommendations by the time of the following session of the PBC (IDB.26/Dec.2). We have therefore set out as Annex A, the recommendations included in the Report of the External Auditor on the accounts of UNIDO, the Industrial Development Fund and Trust Funds for the financial period 2000-2001. The Secretariat provided its comments during February 2003 and the corrective actions will be verified during the current audit cycle.

INTERNAL AUDIT FUNCTION

Scope and approach

14. My predecessor raised certain concerns regarding the capacity of the Internal Oversight Group (IOG) to perform proactive investigations in order to identify areas of risk. It was also reported that the IOG was not in a position to perform intensive as well as extensive systematic reviews as required. The PBC and IDB noted the importance of these issues and requested the Director-General *inter alia*, to strengthen the internal oversight function (IDB.26/Dec.2).

15. The Director-General has already acted on these findings and has taken steps with a view to consolidating and strengthening the oversight and control functions of UNIDO. A Comptroller-General's Office has been established and the process of recruiting a suitable candidate, who will initially be responsible for the re-organisation of the IOG, is under way.

16. Bearing this in mind, it was decided to review the current status of the IOG with a view to providing UNIDO with constructive recommendations as it moves forward. The review sought to provide an objective assessment of the IOG against generally accepted good practice. The Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors'(IIA) were utilised to this end.

Definition of internal auditing

17. The IIA recently redefined internal auditing as follows: "Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes".

18. The scope of internal auditing now also embraces wider concepts of corporate governance, risk management and control, recognising that control exists within an organisation basically to manage risk and promote effective governance.

Key findings and recommendations

19. From March 2002, the Director of the IOG was assisted by one inspector and two audit assistants. The review revealed the following key areas where the IOG's compliance with the IIA standards could be improved:

a) At the 33rd meeting of the Representatives of Internal Audit Services (RIAS) of the United Nations Organizations and Multilateral Financial Institutions held in June 2002, it was resolved to adopt the IIA's Professional Practices Framework. The IOG informed my team that they were not represented at this meeting and since the minutes of this meeting were only received in November 2002, the IOG has not yet formally subscribed to these standards. The IOG should formally adopt the IIA's Professional Practices Framework and apply these standards in performing all internal audit and oversight activities. This may be used as an opportunity to elaborate further, the terms of reference of the IOG and the nature and extent of assurance and other possible advisory services that it can provide to UNIDO.

b) The skills and resources available within the IOG should be critically analysed to determine the extent to which they can provide the required services. Action plans should be developed to address any shortfalls.

c) A risk assessment model was prepared for the 2002 year. However, it was noted that the contributions and involvement of all members of management had yet to be integrated into the risk assessment model. Communication processes between the IOG and management should be enhanced to ensure that there is a clear understanding of the role of the IOG and also to ensure that management's views are appropriately considered in the risk assessment processes.

d) Although annual departmental audit plans are prepared, it was noted that they are limited to the nature and timing of the planned audits. Details such as the frequency of audit coverage, resource requirements, duration, expected reporting dates and total time and cost budgets for each individual assignment, were not documented in the audit plan.

e) Working papers were not prepared in conformity with the standards prescribed by the IIA. The documentation did not provide evidence of the nature and extent of the supervisory reviews carried out on the work performed.

f) The IOG did not have procedures in place to formally monitor its effectiveness. Internal auditors were not required to account for actual time spent on audit activities and hence no comparisons were made between actual audit time and planned audit time. Furthermore, the IOG did not, as a rule, monitor the impact of recommendations made on the operations of UNIDO. Key performance indicators should be set and monitored, including amongst others the comparison of budgeted time with actual time, timeliness of reporting and effectiveness of recommendations made.

g) A formal quality assurance system was not in place through a review of working papers or regular internal or external quality assurance reviews.

20. The Secretariat has indicated that the concerns raised in respect of the internal audit function will be brought to the attention of the Comptroller-General, once appointed, for careful review and appropriate action.

FRAUD PREVENTION STRATEGY

21. Organisations, in both the public and private sectors, are exposed to the potential risk of fraud and corruption. Continuing progress relating to methodology in the area of governance has, *inter alia*, led increasingly to the routine development of organisation-specific fraud prevention strategies. While an exercise of this nature does not indicate the existence or suspicion of fraud in an organisation, it assists management by systematically focusing attention on each potential area of exposure and instituting appropriate safeguards to actively prevent any incidents from occurring. This is then usually coupled to the work programme of the internal auditor who serves as an important functionary in good governance and the prevention or detection of malfeasance.

22. My predecessor raised a number of issues pertaining to fraud awareness and the IOG's role in this regard. In taking these forward, it was noted that certain elements of a fraud prevention strategy were included in different rules and procedures; however, a formal and comprehensive fraud prevention strategy and contingency policy had not been developed and implemented by UNIDO.

23. It is suggested that with the introduction of the Comptroller-General function, the time may be opportune for UNIDO to embark on a structured approach. The IOG's role in the fraud prevention and contingency policy should be clarified and appropriate resources made available, including investigative expertise if necessary, for it to execute its mandate in this regard. It is recommended that the Comptroller-General consider the most appropriate actions in UNIDO's circumstances in this regard.

24. The Secretariat has stated that although a fraud prevention strategy is commendable, the applicability of such a strategy to an international organisation such as UNIDO cannot be seen in the same light as the requirements for a very large publicly quoted company. Organisations within the UN system are strictly governed by their constitutions, financial and staff regulations and rules, and other administrative instructions and guidelines and decisions by the policy-making organs. The internal and external auditors regularly check compliance with such directives. The Secretariat has also noted that such a strategy has not been implemented in any UN organisations and the introduction could have far-reaching implications. The recommendation will, however, be brought to the attention of the Comptroller-General, when appointed, for appropriate action including high-level inter-agency discussions. Furthermore, a proper risk analysis will also highlight possibly vulnerable areas, a proactive review of which will contribute to the prevention of fraud.

STRATEGIC PLANNING AND PERFORMANCE MEASUREMENT

25. Strategic planning is an essential management tool, which drives an organisation to focus its efforts to ensure that its mandate or the purpose of its existence is being fulfilled. The General Conference approved a business plan for UNIDO in 1997, which sets out the role and functions of UNIDO as well as the future activities it intends to undertake in order to achieve its mandate. The medium-term framework for achieving these goals over the period 2002 to 2005 has also been elaborated on.

26. In order to ensure the successful implementation of the business plan, predetermined and measurable performance indicators should be developed and performance against these indicators regularly monitored. While UNIDO does not currently have a formal performance management system in place, the Secretariat has recognised the need for a holistic approach that links its strategy to its activities and reports its performance against objectives set by the organisation. In this regard, a results-based management system based on the balanced scorecard approach is currently at the prototype stage. The system is intended to provide a direct link between the strategic objectives adopted by UNIDO and performance indicators, in a manner that is practical and measurable. It is noted that the Director-General's proposed Programme and Budgets for 2004-2005 contain detailed performance indicators for each programme.

27. The Secretariat should continue with exploring various options with regard to the results-based management systems as a priority.

STAFF LEARNING FUNCTION

28. The Secretariat has developed a policy on continuous learning for both headquarters and field staff, which addresses the professional development of staff as well as their personal growth. Learning is recognised as important in terms of sustainability, retaining qualified staff and developing new skills and competencies.

29. Overall, it was found that the staff learning function is well managed. In particular, it was pleasing to note that UNIDO has identified the need to address succession planning as a priority, as a large portion of existing professionals are near to retirement age. In this regard, managerial competencies have been identified and a management development programme focusing on professional excellence has been implemented for senior and middle managers. The programme has also been extended to include all professional staff. The first session for field representatives was held in February 2003.

30. The following areas for improvement were noted:

a) Divisional learning policies and plans should be developed by the respective managing directors for their divisions to ensure that any gaps identified between the professional skill requirements and current skills available are adequately addressed.

b) Periodic management reporting on the costs of learning and the extent to which learning objectives have been achieved could be used to assist management in planning future learning activities. Ratios and benchmarks could also be used to monitor the financial performance of learning activities.

c) The development of technical and functional competencies for the remaining staff should be completed as a priority.

31. The Secretariat has taken note of the above and will be taking the necessary steps to further enhance the staff learning function.

OUTSTANDING ASSESSED CONTRIBUTIONS

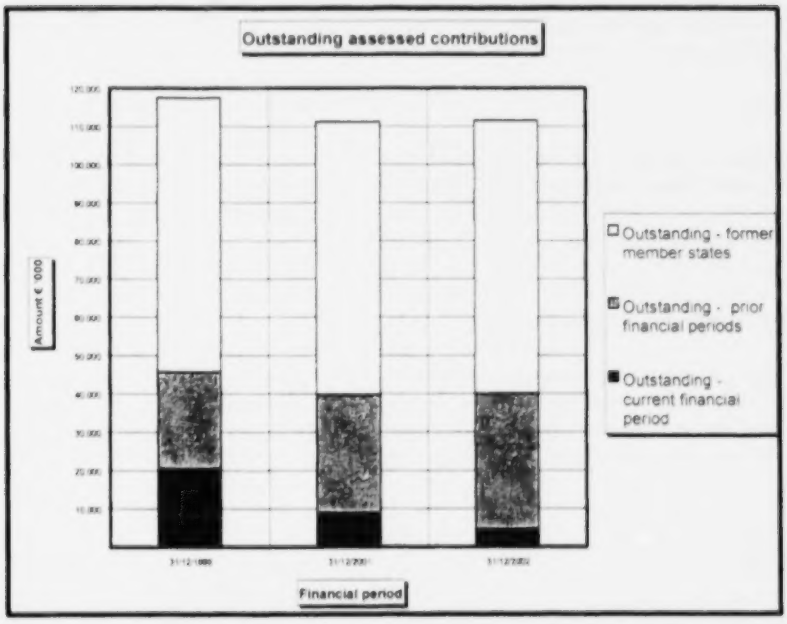
32. An analysis of the collection of assessed contributions was performed to evaluate the level of recovery of current assessments, as well as contributions that remain outstanding from prior financial periods.

33. The Secretariat is to be commended for the high collection rate of 93% attained for 2002, thus maintaining the excellent collection rate experienced over the previous two financial periods.

34. However, the increasing level of outstanding assessed contributions from prior financial periods, as reflected in Figure 1 below, is of some concern. While the outstanding balances of two former member states account for the largest portion of these arrears, the balances of certain current members are accumulating.

35. It is noted that the Secretariat has intensified its efforts to collect outstanding assessed contributions. In this regard, payment plans have been concluded with two member states and the Secretariat is in the process of negotiating payment plans with three more member states. A regular follow-up is also performed in respect of the former member states.

Figure 1: Comparison of outstanding assessed contributions over the current and former two financial periods



GENERAL INFORMATION TECHNOLOGY (IT) CONTROL ENVIRONMENT

36. The IT environment at UNIDO is increasingly pervasive in all its areas of operation as is the case with most other organisations. Continuing development is to be expected and an important focus of a sound IT environment is the extent to which it has structured measures in place to address ongoing changes.

37. UNIDO has been no exception and has recently seen the introduction of a comprehensive new accounting package, notably the Financial Performance Control System. This, by all accounts, including the comments of my predecessor, was carried out particularly successfully with regard to timing and cost. As part of my interim audit, an information systems audit of the general IT control environment, particularly surrounding this newly implemented system, was performed.

38. General controls establish a framework of overall control over the IT activities and are intended to provide reasonable assurance that the overall objectives of internal control are achieved. They serve as the foundation for the controls of all application systems and ensure the effective operation of programmed procedures including controls over the design, implementation, security, use and amendment of programs and files. If general controls are inadequate or ineffective, there is a material risk that application controls can be compromised.

39. The audit indicated a number of key areas where improvements in the general control environment would be advisable and these are summarised below:

a) **Organisational structure**

The IT function is functioning with a minimal staff complement with a particularly high level of dependence being placed on a small number of key staff members. Whilst this may be efficient in the short term, it creates concomitant risks relating not only to succession and an appropriate segregation of duties, but also with regard to prioritising operational matters, perhaps at the expense of overall controls. This should be addressed through, *inter alia*, provision of additional resources within the existing organisational structure to ensure that staff with the necessary skills to manage such systems are available at all times, without compromising the segregation of duties, to ensure continuity in the IT environment.

b) **Policies and procedures**

The existing IT strategic plan, security and network policies should be formalised and

approved. Full disaster recovery and business continuity plans should be developed, implemented and regularly tested. The various procedures in use, such as user registration and change controls, should be better documented.

c) **Operations**

The database backup and file backup procedures that have been developed should be formally documented and approved. This should include detailed instructions on how to create and restore backups.

d) **Operating systems and logical security**

Activity logs and access violation logs should be printed and reviewed regularly by management. An audit trail of the pursuant actions taken should be initiated and all reports kept as evidence of reviewing.

e) **System development life cycle (SDLC) methodology**

An SDLC methodology developed according to UNIDO's needs and requirements should be documented to govern the process of developing, acquiring and maintaining information systems and related technology. Procedures should be put in place prior to the initiation of all projects, as well as during the life cycle of the project, to identify all risks and provide safeguards. Internal audit's role in future SDLC projects should be considered.

40. The Secretariat has taken note of the general concerns about the lack of written procedures and documentation. Necessary actions will be taken, where appropriate in coordination with other Vienna-based organisations, to address the issues raised.

Acknowledgement

41. I wish to record my appreciation for the co-operation and assistance extended by the Director-General and the staff of the United Nations Industrial Development Organization during my audit.

[Signed]
S.A. Fakie
External Auditor
Auditor-General of the Republic of South Africa

Pretoria, South Africa
20 March 2003

ANNEX A

Follow-up of the recommendations made in prior external audit reports

1. Below is a tabular inventory reflecting the recommendations included in the external audit report for the 2000-2001 financial period. In February 2003, the Secretariat provided comments on the current status of implementation. The steps taken by the Secretariat are in the process of being verified and further comments will be provided by external audit in the final report, as considered necessary.

Recommendation	Secretariat's comments	
	Reply	Status of implementation
Women in the Secretariat: The Secretariat should intensively look for ways to improve the representation of female professional staff.	A more proactive approach in the area of recruitment and career advancement of female staff has been adopted, and significant improvements have already been achieved.	Recommendation accepted and implementation is ongoing.
Subcontracting: Subcontracting should be given more emphasis in technical cooperation projects, with due consideration of the individual situation.	This issue continues to be discussed extensively taking into account the staff's technical competencies. This issue now forms part of the procurement workshops being held at headquarters.	Recommendation accepted and will be implemented, where feasible.
Establishment of a non-project-specific fund: The establishment of a non-project-specific fund could enhance project design and project evaluation.	To date no donor has agreed to provide resources to establish such a fund.	Recommendation accepted and efforts will continue to obtain such funds.
Package deals with suppliers: UNIDO should endeavour to enter into package deals when possible.	Package deals are being considered when feasible. Procurement staff are aware of the issue and procurement requirements for 2003 are being analysed to identify clusters of identical products. Package deals are concluded for some headquarters requirements to achieve economies.	Recommendation accepted and will be implemented, where feasible.
Evaluation of offers: More aspects should be considered when offers are evaluated. Performance of the suppliers should be monitored and evaluation data used when considering new offers.	The performance record of suppliers will be considered as part of the evaluation of offers. Existing performance evaluation forms will be adjusted to include additional parameters. The intranet roster of suppliers and service providers is being updated to reflect, *inter alia*, supplier performance records.	Recommendation accepted and is in the process of being implemented.
Socio-economic aspects in projects: Soft factors should be reflected in project design. Experts should be instructed on country- specific socio-economic aspects.	This is taken into account wherever possible within the guidelines prescribed by the donor.	Recommendation accepted and implementation is ongoing.

Recommendation	Secretariat's comments	
	Reply	**Status of implementation**
Harmonisation of donor procedures with respect to project budgets: UNIDO should discuss with the donor community the use of standard procedures and increased flexibility on budget lines.	Continuous dialogue takes place between UNIDO management and donors when negotiating agreements.	Recommendation accepted and implementation is ongoing.
Delays in project implementation: Project design should reflect anticipated delays. A careful planning of project activities should be undertaken and alternative work plans on project activities should be considered. Moreover, sanctions should be foreseen and applied when project parties do not fulfil their duties.	The introduction of an Implementation Working Agreement between recipient companies and UNIDO clearly specifies the responsibilities of each party involved.	Recommendation accepted and implementation is ongoing.
Control of supplies on project site: UNIDO should control on site whether supplies of sophisticated items are in line with contracts.	Where UNIDO has field representation, they will be involved. Where field representations are not available, independent inspection companies may be contracted subject to the availability of funds.	Recommendation accepted and implementation is ongoing.
Provision of handbooks and manuals: Suppliers of conversion equipment should be required to provide handbooks, manuals and even training in the relevant domestic language and not only in the English language.	The requirement to provide technical documentation in a local language is included in specifications upon request of the counterpart and subject to the availability of funds.	Recommendation accepted and is being implemented, where requested and within available funds.
Human resource problems faced by the Montreal Protocol Branch: UNIDO staff should not be engaged as consultants.	If required technical expertise is available in-house, staff are detailed for short periods to projects to provide the expertise, rather than recruiting outside consultants for such work.	Recommendation not accepted as current practice is seen as an efficient use of resources available to UNIDO.
Evaluation of projects implemented under the Montreal Protocol (MP): UNIDO should carry out its own evaluations and should establish, in interaction with the MP Secretariat, a strategy on evaluation and its financing.	Upon completion of every MP project, mandatory and comprehensive project completion documentation is prepared. The Multilateral Fund Secretariat controls the quality, completeness and timeliness of this documentation. The Multilateral Fund provides no financing for additional project evaluation.	Recommendation not accepted, as the existing evaluation mechanism is considered adequate.

Recommendation	Secretariat's comments	
	Reply	Status of implementation
Assistance to economically non-viable companies: The MP Secretariat and the implementing agencies should take into account such considerations as economic viability of companies before a project is approved and/or implemented.	The approval of investment projects is governed by the rules of the Multilateral Fund. Every project is screened by the government prior to its submission for approval. The screening process also involves preliminary evaluation of the overall viability of the recipient company. After approval of the project, the UNIDO Project Manager once again verifies the status of the company.	Recommendation accepted and implementation is ongoing on individual projects.
Impact and sustainability of the project: Appropriate assistance related to, for example, market access, sales/export promotion, access and use of market information and price calculation in a market economy should be included in future technical cooperation projects.	Management will include this consideration whenever possible in the formulation of future projects.	Recommendation noted and implementation is ongoing.
Cluster approach in projects: UNIDO should refrain from assisting only a single company and give preference to a cluster approach.	Management will include this consideration whenever possible in the formulation of future projects.	Recommendation noted and implementation is ongoing.
Contractual arrangements: Contractual arrangements should be made for a situation where the recipient fails to provide the required inputs and a lack of commitment becomes apparent.	Prior to the start of every project an agreement is signed between the recipient and UNIDO, which is submitted to the respective governments. In cases where extended delays or lack of clear commitment from the side of the counterpart is nonetheless experienced, clarification is sought from the counterpart.	Recommendation accepted and implementation is ongoing.
Code of ethics and staff rotation: A code of ethics should be implemented and a staff rotation introduced in areas which are by nature fraud-endangered.	The Standards of Conduct in the International Civil Service, which have recently been revised, have been issued to all staff. Rotation modalities are being finalised taking into account institutional memory and need for core staff.	Recommendation accepted and implementation is ongoing.
Checks on consulting contracts: The checks on consulting contracts and on behaviour in the field should be improved. The reporting system on allegations should be clarified.	Management is taking necessary action to improve checks on consulting contracts and reporting on allegations. A detailed work plan will be prepared once the new Comptroller-General has been appointed. An e-mail hotline to the IOG was established some time ago to receive anonymous allegations. Periodic reminders of this avenue of reporting are sent to staff.	Recommendation accepted and implementation is ongoing.

Recommendation	Secretariat's comments	
	Reply	Status of implementation
Fraud investigations: The IOG should be strengthened with a qualified investigator. Fraud-oriented investigations by the IOG should be reported to the External Auditor.	Action to strengthen this function has been formally elaborated and a Comptroller-General is under recruitment. Fraud-oriented investigations are routinely reported to the External Auditor.	Recommendation accepted and implementation is ongoing.
Stocktaking system: Stocktaking at headquarters should be improved. Responsibilities for stocktaking at field offices and for technical cooperation projects should be clarified.	Stocktaking is currently in progress. In December 2002, a list of property was distributed to all field offices, including technical cooperation projects, for verification.	Recommendation accepted and is in the process of being implemented.
Write-offs: More detailed information on the write-offs of losses of property should be disclosed in the financial statements.	Detailed listings of this type of information are available.	Recommendation accepted and information will be provided in the 2002-2003 biennium financial statements.
Repayment of voluntary contributions: Improvements in future trust fund agreements are advisable in order to clarify the conditions under which repayments of voluntary contributions can be made.	Management will continue to identify ways to improve such agreements when negotiating with donors. It is, however, not practical to list all repayment possibilities or eventualities.	Recommendation accepted and implementation is ongoing
Evaluation of Global Forum activities: Evaluations should ensure that strategic outputs of Global Forum activities are incorporated into UNIDO's work.	Outputs are regularly reviewed for incorporation into UNIDO's work.	Recommendation accepted and implementation is ongoing.
Improvement to quality management: A comprehensive system of quality management should be implemented.	Management is committed to a system of quality management and several guidelines have already been issued. Further guidelines are being developed or updated. The Programme and Budgets for 2004-2005 will also provide information on performance indicators.	Recommendation accepted and implementation is ongoing.
Catering service: The principle of the VIC Catering Services as a commercial and self-sustaining operation may be realised after recalculation of the sales prices for meals and drinks, taking into account all relevant costs incurred.	Considerable improvements have already been implemented by the management to reduce subsidies to the extent possible while maintaining the low price levels of food and drinks and ensuring maintenance of food quality. Further review is ongoing.	Recommendation accepted and implementation is ongoing.

2. The following significant issues still remain outstanding from the report of the External Auditor for the 1998-1999 financial period:

Recommendation	Secretariat's comments	
	Reply	**Status of implementation**
New York and Geneva offices: Improved management processes should be implemented in the New York and Geneva offices.	Terms of reference and functions of these offices are contained in Director-General's Bulletin DGB(O).86/Add.9 of 15 February 2002. Full details of the activities of both offices during 2002 are contained in Chapter I of the Annual Report, 2002 (IDB.27/2-PBC.19/2) and reflect to a large degree the involvement of these offices in a wide range of activities.	Recommendation noted and implementation is ongoing.
After-service health insurance liabilities: UNIDO should consider using the financial windows of opportunity to commence funding this liability by applying the principles developed in private sector accounting.	This is a highly complex issue having large funding implications. According to an actuarial study to determine the financial impact of after-service health insurance, the level of UNIDO's unfunded liabilities as at 31 December 2002 amounted to € 47.3 million. UNIDO is therefore of the opinion that a UN system-wide approach would be more appropriate than a stand-alone solution. This issue is actively being followed up to find an appropriate solution to address the funding liability within the context of the UN system.	The issue is acknowledged and a UN system-wide solution is being sought. The lead agency on this issue established by the High-Level Committee on Management Financial and Budget Network (HLCMFB) is the UN. On 21 February 2003, the UN informed UNIDO that the study is still under progress and is expected to be completed during 2003. UNIDO will keep its policy-making organs informed of further developments in this regard. Should no developments be forthcoming, proposals will be made to the next session of the Programme and Budget Committee, as requested by the IDB in decision IDB.26/Dec.2(i)(i).

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United Nations Industrial Development Organization

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Industrial Development Board

Twenty-seventh session
Vienna, 26-28 August 2003
Item 4 (c) of the provisional agenda

Programme and Budget Committee

Nineteenth session
Vienna, 28-30 April 2003
Item 6 of the provisional agenda

SCALE OF ASSESSMENTS FOR APPORTIONMENT OF THE REGULAR BUDGET EXPENSES

Scale of assessments for the fiscal period 2004-2005

Note by the Secretariat

Proposes a scale of assessments for the fiscal period 2004-2005, based on the application of the assessment rates adopted in resolutions 55/5 B-F and 57/4 B by the United Nations General Assembly for the year 2003, adjusted to the membership of UNIDO.

I. SCALE OF ASSESSMENTS

1. The Programme and Budget Committee is required under Article 10.4 of the Constitution to prepare the draft scale of assessments for regular budget expenditures, for submission to the Board. In accordance with Article 15.1 of the Constitution of UNIDO, "Regular budget expenditures shall be borne by the Members, as apportioned in accordance with a scale of assessment established by the Conference by a two-thirds majority of the Members present and voting, upon the recommendation of the Board adopted by a two-thirds majority of the Members present and voting, on the basis of a draft prepared by the Programme and Budget Committee."

2. Article 15.2 states: "The scale of assessments shall be based to the extent possible on the scale most recently employed by the United Nations. No Member shall be assessed more than twenty-five per cent of the regular budget of the Organization."

3. On 23 December 2000, the United Nations General Assembly adopted resolution 55/5 B-F containing the United Nations scale of assessments for the three-year period 2001-2003, which establishes:

(a) A minimum assessment rate of 0.001 per cent;

(b) A maximum assessment rate for the least developed countries of 0.01 per cent;

(c) A maximum assessment rate of 22 per cent. In paragraph C.3, the General Assembly stressed that the reduction of the maximum assessment rate of 22 per

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cent "shall apply to the apportionment of the expenses of the United Nations and should have no automatic implication for the apportionment of the expenses of the specialized agencies or the International Atomic Energy Agency."

4. On 29 January 2003, the General Assembly further adopted resolution 57/4 B, under which it decided "to fix the rates of assessment in 2003 for Afghanistan at 0.001 per cent and for Argentina at 0.969 per cent, as ad hoc adjustments", based on appeals by Members for a change of assessments. This resolution also notes that this decision should have no automatic implication for the apportionment of the expenses of the specialized agencies or the International Atomic Energy Agency.

5. The proposed scale of assessments for the apportionment of the UNIDO regular budget expenses for the fiscal period 2004-2005 is therefore based on the two resolutions adopted by the United Nations for the scale of assessments for the year 2003, i.e. the most recent United Nations scale available at the time of preparing this document. This proposal is in line with past practice, as is evident from table 1. The General Conference has consistently approved the scale of assessments for UNIDO based on the most recent United Nations scale available at the time of the Conference regular session, adjusted to the membership of UNIDO. For instance, the scale of assessments for 1988-1989 was based on the United Nations scale of 1988; the 1990-1991 on 1989; 1994-1995 on 1994; 1998-1999 on 1997 and 2000-2001 on 2000. Should the General Assembly adopt new scales for 2004-2005, prior to convening of the General Conference in December 2003, Member States would be informed.

Table 1.
Chronological application of the United Nations scale of assessments

Biennium	United Nations scale applied by UNIDO (year/s)	General Assembly reference
1986-1987	1986 – 1987	Resolution 40/248
1988-1989	**1988**	Resolution 40/248
1990-1991	**1989**	Resolution 43/223A
1992-1993	1992 – 1993	Document A/46/11
1994-1995	**1994**	Decision 47/456
1996-1997	1996 – 1997	Resolution 49/19 B
1998-1999	**1997**	Resolution 49/19 B
2000-2001	**2000**	Resolution 52/215
2002-2003	2002 – 2003	Resolution 55/5 B-F

6. In decision GC.9/Dec.10 on the scale of assessments for the Member States of UNIDO adopted by the General Conference at its ninth session, the Conference decided to establish a scale of assessments for the regular budget expenditures of UNIDO for the fiscal period 2002-2003 as contained in columns 5 and 6 (that is, a 22 per cent maximum assessment rate) of the annex to document IDB.24/5-PBC.17/5 dated 16 March 2001.

7. Adjustments to the scale to include any State that may become a Member between now and the closure of the tenth session of the General Conference in accordance with Articles 3, 24 and 25 of the Constitution will be communicated to the Conference.

8. Taking into account these facts, the Secretariat has prepared the draft scale of assessments for the fiscal period 2004-2005 based on General Assembly resolutions 55/5 B-F and 57/4 B, for the period 2003. Information has been received by the Secretariat that the application of these two General Assembly resolutions will be taken into account by the International Atomic Energy Agency when drafting a scale of assessments for 2004. Similarly, the World Health Organization has proposed a scale of assessments for the fiscal period 2004-2005 based on the above General Assembly resolutions for the period 2003.

9. The application of the assessment rate adopted by the General Assembly for the year 2003 (resolutions 55/5 B-F and 57/4 B), adjusted to the membership of UNIDO, results in a total assessment of 74.39600 per cent (column 1 of the annex to the present document), owing to differences in membership between the United Nations and UNIDO. To produce a scale of assessments that covers 100 per cent of regular budget expenditures of UNIDO, it is necessary to apply a mathematical coefficient to the United Nations rates for UNIDO Member States. The coefficient is not applied to the rates of United Nations Member States paying the minimum assessment of 0.001 per cent, and it ensures that the rate of least developed countries does not exceed 0.01 per cent as well as the maximum rate of any UNIDO Member State does not exceed 22 per cent. The coefficient (1.4217143) calculations are shown in table 2.

10. Column 2 of the annex to the present note shows the adjusted rates for the scale of assessments for the fiscal period 2004-2005 for States that were Members of UNIDO, as of 28 February 2003, by applying the coefficient 1.4217143, as explained in paragraph 9 above. Column 3, showing assessment rates for 2003, has been included for information purposes only.

New Member States

11. In accordance with financial regulation 5.6, new Members shall be assessed for the year in which they become Members at rates to be determined by the Conference.

Table 2.
Calculation of coefficient
(Percentage)

	United Nations rate of assessment 2003	UNIDO rate of assessment 2004-2005
Total (169 Member States)	74.39600	100.000
UNIDO Member State with highest assessment	-19.51575	-22.000
UNIDO Member States paying the minimum assessment (0.001 per cent x 37 States)	-0.03700	-0.037
Least developed countries	-0.02000	-0.020
Total for calculation of coefficient	54.82325	77.943
Coefficient for 2004-2005: 77.943/54.82325		1.4217143

II. ACTION REQUIRED OF THE COMMITTEE

12. The Committee may wish to propose to the Industrial Development Board the adoption of the following draft decision:

"The Industrial Development Board:

"(a) Takes note of document IDB.27/7–PBC.19/7;

"(b) Recommends to the General Conference the establishment of a scale of assessments for the fiscal period 2004-2005 based on United Nations General Assembly resolutions 55/5 B-F and 57/4 B, adjusted to the membership of UNIDO on the understanding that new Members shall be assessed for the year in which they become Members on the basis of the United Nations scale of assessments, as applicable to UNIDO;

"(c) Urges Member States to pay their assessed contributions for the 2004-2005 biennium in accordance with financial regulation 5.5 (b), which states that contributions and advances shall be due and payable in full within thirty days of the receipt of the communication of the Director-General, or as of the first day of the calendar year to which it relates, whichever is later;

"(d) Calls on Member States that are in arrears, as well as States that are no longer members of UNIDO, to fulfil their constitutional obligations by paying their outstanding assessed contributions in full and without conditions as soon as possible, or to take advantage of payment plans to settle their arrears."

Annex

SCALE OF ASSESSMENTS FOR 2004 and 2005
(Percentage)

Member State	UNITED NATIONS assessment rates 2003 [a] (1)	UNIDO assessment rates 2004 and 2005 [b] (2)	UNIDO rates for 2003 (3)
Afghanistan	0.00100	0.00100	0.01000
Albania	0.00300	0.00426	0.00400
Algeria	0.07000	0.09951	0.09900
Angola	0.00200	0.00283	0.00300
Argentina	0.96900	1.37762	1.62800
Armenia	0.00200	0.00283	0.00300
Austria	0.94700	1.34634	1.34200
Azerbaijan	0.00400	0.00568	0.00600
Bahamas	0.01200	0.01705	0.01700
Bahrain	0.01800	0.02558	0.02600
Bangladesh	0.01000	0.01000	0.01000
Barbados	0.00900	0.01279	0.01300
Belarus	0.01900	0.02700	0.02700
Belgium	1.12900	1.60510	1.60000
Belize	0.00100	0.00100	0.00100
Benin	0.00200	0.00300	0.00300
Bhutan	0.00100	0.00100	0.00100
Bolivia	0.00800	0.01136	0.01100
Bosnia and Herzegovina	0.00400	0.00568	0.00600
Botswana	0.01000	0.01421	0.01400
Brazil	2.39000	3.39788	3.38600
Bulgaria	0.01300	0.01847	0.01800
Burkina Faso	0.00200	0.00300	0.00300
Burundi	0.00100	0.00100	0.00100
Cambodia	0.00200	0.00283	0.00300
Cameroon	0.00900	0.01279	0.01300
Cape Verde	0.00100	0.00100	0.00100
Central African Republic	0.00100	0.00100	0.00100
Chad	0.00100	0.00100	0.00100
Chile	0.21200	0.30138	0.30000
China	1.53200	2.17805	2.17000
Colombia	0.20100	0.28574	0.28500
Comoros	0.00100	0.00100	0.00100
Congo	0.00100	0.00100	0.00100
Costa Rica	0.02000	0.02842	0.02800
Côte d'Ivoire	0.00900	0.01279	0.01300
Croatia	0.03900	0.05544	0.05500
Cuba	0.03000	0.04264	0.04300
Cyprus	0.03800	0.05402	0.05400
Czech Republic	0.20300	0.28859	0.28800
Democratic People's Republic of Korea	0.00900	0.01279	0.01300
Democratic Republic of the Congo	0.00400	0.00600	0.00600
Denmark	0.74900	1.06484	1.06100
Djibouti	0.00100	0.00100	0.00100

Member State	UNITED NATIONS assessment rates 2003 [a] (1)	UNIDO assessment rates 2004 and 2005 [b] (2)	UNIDO rates for 2003 (3)
Dominica	0.00100	0.00100	0.00100
Dominican Republic	0.02300	0.03269	0.03300
Ecuador	0.02500	0.03553	0.03500
Egypt	0.08100	0.11514	0.11500
El Salvador	0.01800	0.02558	0.02600
Equatorial Guinea	0.00100	0.00100	0.00100
Eritrea	0.00100	0.00100	0.00100
Ethiopia	0.00400	0.00600	0.00600
Fiji	0.00400	0.00568	0.00600
Finland	0.52200	0.74211	0.74000
France	6.46600	9.19278	9.16100
Gabon	0.01400	0.01989	0.02000
Gambia	0.00100	0.00100	0.00100
Georgia	0.00500	0.00710	0.00700
Germany	9.76900	13.88871	13.84100
Ghana	0.00500	0.00710	0.00700
Greece	0.53900	0.76628	0.76400
Grenada	0.00100	0.00100	0.00100
Guatemala	0.02700	0.03838	0.03800
Guinea	0.00300	0.00426	0.00400
Guinea-Bissau	0.00100	0.00100	0.00100
Guyana	0.00100	0.00100	0.00100
Haiti	0.00200	0.00300	0.00300
Honduras	0.00500	0.00710	0.00700
Hungary	0.12000	0.17059	0.17000
India	0.34100	0.48478	0.48300
Indonesia	0.20000	0.28432	0.28300
Iran (Islamic Republic of)	0.27200	0.38669	0.38500
Iraq	0.13600	0.19333	0.19300
Ireland	0.29400	0.41796	0.41700
Israel	0.41500	0.58999	0.58800
Italy	5.06475	7.20061	7.17451
Jamaica	0.00400	0.00568	0.00600
Japan	19.51575	22.00000	22.00000
Jordan	0.00800	0.01136	0.01100
Kazakhstan	0.02800	0.03980	0.04000
Kenya	0.00800	0.01136	0.01100
Kuwait	0.14700	0.20897	0.20800
Kyrgyzstan	0.00100	0.00100	0.00100
Lao People's Democratic Republic	0.00100	0.00100	0.00100
Lebanon	0.01200	0.01705	0.01700
Lesotho	0.00100	0.00100	0.00100
Liberia	0.00100	0.00100	0.00100
Libyan Arab Jamahiriya	0.06700	0.09524	0.09500
Lithuania	0.01700	0.02416	0.02400
Luxembourg	0.08000	0.11373	0.11300
Madagascar	0.00300	0.00400	0.00400
Malawi	0.00200	0.00283	0.00300
Malaysia	0.23500	0.33408	0.33300

Member State	UNITED NATIONS assessment rates 2003[a] (1)	UNIDO assessment rates 2004 and 2005[b] (2)	UNIDO rates for 2003 (3)
Maldives	0.00100	0.00100	0.00100
Mali	0.00200	0.00300	0.00300
Malta	0.01500	0.02132	0.02100
Mauritania	0.00100	0.00100	0.00100
Mauritius	0.01100	0.01563	0.01600
Mexico	1.08600	1.54396	1.53900
Mongolia	0.00100	0.00100	0.00100
Morocco	0.04400	0.06255	0.06200
Mozambique	0.00100	0.00100	0.00100
Myanmar	0.01000	0.01000	0.01000
Namibia	0.00700	0.00994	0.01000
Nepal	0.00400	0.00600	0.00600
Netherlands	1.73800	2.47092	2.46200
New Zealand	0.24100	0.34261	0.34100
Nicaragua	0.00100	0.00100	0.00100
Niger	0.00100	0.00100	0.00100
Nigeria	0.06800	0.09667	0.09600
Norway	0.64600	0.91841	0.91500
Oman	0.06100	0.08671	0.08600
Pakistan	0.06100	0.08671	0.08600
Panama	0.01800	0.02558	0.02600
Papua New Guinea	0.00600	0.00852	0.00900
Paraguay	0.01600	0.02274	0.02300
Peru	0.11800	0.16774	0.16700
Philippines	0.10000	0.14215	0.14200
Poland	0.37800	0.53739	0.53600
Portugal	0.46200	0.65681	0.65500
Qatar	0.03400	0.04833	0.04800
Republic of Korea	1.85100	2.63157	2.62300
Republic of Moldova	0.00200	0.00283	0.00300
Romania	0.05800	0.08245	0.08200
Russian Federation	1.20000	1.70604	1.70000
Rwanda	0.00100	0.00100	0.00100
Saint Kitts and Nevis	0.00100	0.00100	0.00100
Saint Lucia	0.00200	0.00283	0.00300
Saint Vincent and the Grenadines	0.00100	0.00100	0.00100
Sao Tome and Principe	0.00100	0.00100	0.00100
Saudi Arabia	0.55400	0.78761	0.78500
Senegal	0.00500	0.00710	0.00700
Serbia and Montenegro[c]	0.02000	0.02842	0.02800
Seychelles	0.00200	0.00283	0.00300
Sierra Leone	0.00100	0.00100	0.00100
Slovakia	0.04300	0.06112	0.06100
Slovenia	0.08100	0.11514	0.11500
Somalia	0.00100	0.00100	0.00100
South Africa	0.40800	0.58004	0.57807
Spain	2.51875	3.58092	3.56797
Sri Lanka	0.01600	0.02274	0.02300
Sudan	0.00600	0.00900	0.00900

Member State	UNITED NATIONS assessment rates 2003 [a] (1)	UNIDO assessment rates 2004 and 2005 [b] (2)	UNIDO rates for 2003 (3)
Suriname	0.00200	0.00283	0.00300
Swaziland	0.00200	0.00283	0.00300
Sweden	1.02675	1.45973	1.45445
Switzerland	1.27400	1.81124	1.80500
Syrian Arab Republic	0.08000	0.11373	0.11300
Tajikistan	0.00100	0.00100	0.00100
Thailand	0.29400	0.41796	0.41700
The former Yugoslav Republic of Macedonia	0.00600	0.00852	0.00900
Togo	0.00100	0.00100	0.00100
Tonga	0.00100	0.00100	0.00100
Trinidad and Tobago	0.01600	0.02274	0.02300
Tunisia	0.03000	0.04264	0.04300
Turkey	0.44000	0.62553	0.62300
Turkmenistan	0.00300	0.00426	0.00400
Uganda	0.00500	0.00700	0.00700
Ukraine	0.05300	0.07534	0.07500
United Arab Emirates	0.20200	0.28717	0.28600
United Kingdom of Great Britain and Northern Ireland	5.53600	7.87059	7.84300
United Republic of Tanzania	0.00400	0.00568	0.00600
Uruguay	0.08000	0.11373	0.11300
Uzbekistan	0.01100	0.01563	0.01600
Vanuatu	0.00100	0.00100	0.00100
Venezuela	0.20800	0.29570	0.29500
Viet Nam	0.01600	0.02274	0.02300
Yemen	0.00600	0.00852	0.00900
Zambia	0.00200	0.00283	0.00300
Zimbabwe	0.00800	0.01136	0.01100
Total (169 Member States)	**74.39600**	**100.00000**	**100.00000**

[a] Based on General Assembly resolutions 55/5 B-F and 57/4 B.

[b] Scales in accordance with resolutions 55/5 B-F and 57/4 B, column (1) multiplied by coefficient 1.4217143 for 2004 and 2005 column (2). Coefficient is not applied to: (i) Member States with assessment rates of 0.001 per cent; (ii) LDCs whose rate may exceed 0.01 per cent; and (iii) Member State with maximum assessment rate of 22 per cent.

[c] The name of the State of the Federal Republic of Yugoslavia was changed to "Serbia and Montenegro" on 4 February 2003.

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Industrial Development Board

Twenty-seventh session
Vienna, 26-28 August 2003
Item 4 (c) of the provisional agenda

Programme and Budget Committee

Nineteenth session
Vienna, 28-30 April 2003
Item 6 of the provisional agenda

SCALE OF ASSESSMENTS FOR APPORTIONMENT OF THE REGULAR BUDGET EXPENSES

Scale of assessments for the fiscal period 2004-2005

Note by the Secretariat

Addendum

Subsequent to the issuance of document IDB.27/7-PBC.19/7 on 12 March 2003, the Secretariat was informed of the accession of Monaco to the Constitution of UNIDO effective 23 January 2003, thereby increasing the number of Member States to 170. Accordingly, the proposed scale of assessments has been revised as shown in the annex to the present document, based on the coefficient of 1.4216106 (table 2).

Table 2

Calculation of coefficient
(Percentage)

	United Nations rate of assessment 2003	UNIDO rate of assessment 2004-2005
Total (170 Member States)	74.40000	100.000
UNIDO Member State with highest assessment	-19.51575	-22.000
UNIDO Member States paying the minimum Assessment (0.001 per cent x 37 States)	-0.03700	-0.037
Least developed countries	-0.02000	-0.020
Total for calculation of coefficient	54.82725	77.943
Coefficient for 2004-2005: 77.943/54.82725		1.4216106

For reasons of economy, this document has been printed in a limited number. Delegates are kindly requested to bring their copies of documents to meetings.

Annex

SCALE OF ASSESSMENTS FOR 2004 and 2005

(Percentage)

Member State	UNITED NATIONS assessment rates 2003[a] (1)	UNIDO assessment rates 2004 and 2005[b] (2)	UNIDO rates for 2003 (3)
Afghanistan	0.00100	0.00100	0.01000
Albania	0.00300	0.00426	0.00400
Algeria	0.07000	0.09951	0.09900
Angola	0.00200	0.00284	0.00300
Argentina	0.96900	1.37754	1.62800
Armenia	0.00200	0.00284	0.00300
Austria	0.94700	1.34627	1.34200
Azerbaijan	0.00400	0.00569	0.00600
Bahamas	0.01200	0.01706	0.01700
Bahrain	0.01800	0.02559	0.02600
Bangladesh	0.01000	0.01000	0.01000
Barbados	0.00900	0.01279	0.01300
Belarus	0.01900	0.02701	0.02700
Belgium	1.12900	1.60500	1.60000
Belize	0.00100	0.00100	0.00100
Benin	0.00200	0.00284	0.00300
Bhutan	0.00100	0.00100	0.00100
Bolivia	0.00800	0.01137	0.01100
Bosnia and Herzegovina	0.00400	0.00569	0.00600
Botswana	0.01000	0.01422	0.01400
Brazil	2.39000	3.39765	3.38600
Bulgaria	0.01300	0.01848	0.01800
Burkina Faso	0.00200	0.00284	0.00300
Burundi	0.00100	0.00100	0.00100
Cambodia	0.00200	0.00284	0.00300
Cameroon	0.00900	0.01279	0.01300
Cape Verde	0.00100	0.00100	0.00100
Central African Republic	0.00100	0.00100	0.00100
Chad	0.00100	0.00100	0.00100
Chile	0.21200	0.30138	0.30000
China	1.53200	2.17791	2.17000
Colombia	0.20100	0.28574	0.28500
Comoros	0.00100	0.00100	0.00100
Congo	0.00100	0.00100	0.00100
Costa Rica	0.02000	0.02843	0.02800
Côte d'Ivoire	0.00900	0.01279	0.01300
Croatia	0.03900	0.05544	0.05500
Cuba	0.03000	0.04265	0.04300
Cyprus	0.03800	0.05402	0.05400
Czech Republic	0.20300	0.28859	0.28800
Democratic People's Republic of Korea	0.00900	0.01279	0.01300
Democratic Republic of the Congo	0.00400	0.00569	0.00600
Denmark	0.74900	1.06479	1.06100
Djibouti	0.00100	0.00100	0.00100
Dominica	0.00100	0.00100	0.00100

Member State	UNITED NATIONS assessment rates 2003[a] (1)	UNIDO assessment rates 2004 and 2005[b] (2)	UNIDO rates for 2003 (3)
Dominican Republic	0.02300	0.03270	0.03300
Ecuador	0.02500	0.03554	0.03500
Egypt	0.08100	0.11515	0.11500
El Salvador	0.01800	0.02559	0.02600
Equatorial Guinea	0.00100	0.00100	0.00100
Eritrea	0.00100	0.00100	0.00100
Ethiopia	0.00400	0.00569	0.00600
Fiji	0.00400	0.00569	0.00600
Finland	0.52200	0.74208	0.74000
France	6.46600	9.19214	9.16100
Gabon	0.01400	0.01990	0.02000
Gambia	0.00100	0.00100	0.00100
Georgia	0.00500	0.00711	0.00700
Germany	9.76900	13.88771	13.84100
Ghana	0.00500	0.00711	0.00700
Greece	0.53900	0.76625	0.76400
Grenada	0.00100	0.00100	0.00100
Guatemala	0.02700	0.03838	0.03800
Guinea	0.00300	0.00426	0.00400
Guinea-Bissau	0.00100	0.00100	0.00100
Guyana	0.00100	0.00100	0.00100
Haiti	0.00200	0.00284	0.00300
Honduras	0.00500	0.00711	0.00700
Hungary	0.12000	0.17059	0.17000
India	0.34100	0.48477	0.48300
Indonesia	0.20000	0.28432	0.28300
Iran (Islamic Republic of)	0.27200	0.38668	0.38500
Iraq	0.13600	0.19334	0.19300
Ireland	0.29400	0.41795	0.41700
Israel	0.41500	0.58997	0.58800
Italy	5.06475	7.20011	7.17451
Jamaica	0.00400	0.00569	0.00600
Japan	19.51575	22.00000	22.00000
Jordan	0.00800	0.01137	0.01100
Kazakhstan	0.02800	0.03981	0.04000
Kenya	0.00800	0.01137	0.01100
Kuwait	0.14700	0.20898	0.20800
Kyrgyzstan	0.00100	0.00100	0.00100
Lao People's Democratic Republic	0.00100	0.00100	0.00100
Lebanon	0.01200	0.01706	0.01700
Lesotho	0.00100	0.00100	0.00100
Liberia	0.00100	0.00100	0.00100
Libyan Arab Jamahiriya	0.06700	0.09525	0.09500
Lithuania	0.01700	0.02417	0.02400
Luxembourg	0.08000	0.11373	0.11300
Madagascar	0.00300	0.00426	0.00400
Malawi	0.00200	0.00284	0.00300
Malaysia	0.23500	0.33408	0.33300
Maldives	0.00100	0.00100	0.00100

Member State	UNITED NATIONS assessment rates 2003[a] (1)	UNIDO assessment rates 2004 and 2005[b] (2)	UNIDO rates for 2003 (3)
Mali	0.00200	0.00284	0.00300
Malta	0.01500	0.02132	0.02100
Mauritania	0.00100	0.00100	0.00100
Mauritius	0.01100	0.01564	0.01600
Mexico	1.08600	1.54387	1.53900
Monaco	0.00400	0.00569	
Mongolia	0.00100	0.00100	0.00100
Morocco	0.04400	0.06255	0.06200
Mozambique	0.00100	0.00100	0.00100
Myanmar	0.01000	0.01000	0.01000
Namibia	0.00700	0.00995	0.01000
Nepal	0.00400	0.00569	0.00600
Netherlands	1.73800	2.47076	2.46200
New Zealand	0.24100	0.34261	0.34100
Nicaragua	0.00100	0.00100	0.00100
Niger	0.00100	0.00100	0.00100
Nigeria	0.06800	0.09667	0.09600
Norway	0.64600	0.91836	0.91500
Oman	0.06100	0.08672	0.08600
Pakistan	0.06100	0.08672	0.08600
Panama	0.01800	0.02559	0.02600
Papua New Guinea	0.00600	0.00853	0.00900
Paraguay	0.01600	0.02275	0.02300
Peru	0.11800	0.16775	0.16700
Philippines	0.10000	0.14216	0.14200
Poland	0.37800	0.53737	0.53600
Portugal	0.46200	0.65678	0.65500
Qatar	0.03400	0.04833	0.04800
Republic of Korea	1.85100	2.63140	2.62300
Republic of Moldova	0.00200	0.00284	0.00300
Romania	0.05800	0.08245	0.08200
Russian Federation	1.20000	1.70593	1.70000
Rwanda	0.00100	0.00100	0.00100
Saint Kitts and Nevis	0.00100	0.00100	0.00100
Saint Lucia	0.00200	0.00284	0.00300
Saint Vincent and the Grenadines	0.00100	0.00100	0.00100
Sao Tome and Principe	0.00100	0.00100	0.00100
Saudi Arabia	0.55400	0.78757	0.78500
Senegal	0.00500	0.00711	0.00700
Serbia and Montenegro[c]	0.02000	0.02843	0.02800
Seychelles	0.00200	0.00284	0.00300
Sierra Leone	0.00100	0.00100	0.00100
Slovakia	0.04300	0.06113	0.06100
Slovenia	0.08100	0.11515	0.11500
Somalia	0.00100	0.00100	0.00100
South Africa	0.40800	0.58002	0.57807
Spain	2.51875	3.58068	3.56797
Sri Lanka	0.01600	0.02275	0.02300
Sudan	0.00600	0.00853	0.00900

Member State	UNITED NATIONS assessment rates 2003[a] (1)	UNIDO assessment rates 2004 and 2005[b] (2)	UNIDO rates for 2003 (3)
Suriname	0.00200	0.00284	0.00300
Swaziland	0.00200	0.00284	0.00300
Sweden	1.02675	1.45964	1.45445
Switzerland	1.27400	1.81113	1.80500
Syrian Arab Republic	0.08000	0.11373	0.11300
Tajikistan	0.00100	0.00100	0.00100
Thailand	0.29400	0.41795	0.41700
The former Yugoslav Republic of Macedonia	0.00600	0.00853	0.00900
Togo	0.00100	0.00100	0.00100
Tonga	0.00100	0.00100	0.00100
Trinidad and Tobago	0.01600	0.02275	0.02300
Tunisia	0.03000	0.04265	0.04300
Turkey	0.44000	0.62551	0.62300
Turkmenistan	0.00300	0.00426	0.00400
Uganda	0.00500	0.00711	0.00700
Ukraine	0.05300	0.07535	0.07500
United Arab Emirates	0.20200	0.28717	0.28600
United Kingdom of Great Britain and Northern Ireland	5.53600	7.87004	7.84300
United Republic of Tanzania	0.00400	0.00569	0.00600
Uruguay	0.08000	0.11373	0.11300
Uzbekistan	0.01100	0.01564	0.01600
Vanuatu	0.00100	0.00100	0.00100
Venezuela	0.20800	0.29570	0.29500
Viet Nam	0.01600	0.02275	0.02300
Yemen	0.00600	0.00853	0.00900
Zambia	0.00200	0.00284	0.00300
Zimbabwe	0.00800	0.01137	0.01100
Total (170 Member States)	**74.40000**	**100.00000**	**100.00000**

[a] Based on General Assembly resolutions 55/5 B-F and 57/4 B.

[b] Scales in accordance with General Assembly resolution 55/5 B-F and General Assembly resolution 57/4 B, column (1) multiplied by coefficient 1.4216106 for 2004 and 2005 column (2). Coefficient is not applied to: (i) Member States with assessment rates of 0.001 per cent; (ii) LDCs whose rate may exceed 0.01 per cent; and (iii) Member State with maximum assessment rate of 22 per cent.

[c] The name of the State of the Federal Republic of Yugoslavia has been changed to "Serbia and Montenegro" on 4 February 2003.